



# Putting NPIs and the Third Sector on the Economic Map of the World

**Lester M. Salamon**

Johns Hopkins University

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# THE GLOBAL ASSOCIATIONAL REVOLUTION

**FOR-PROFIT  
SECTOR**

**CIVIL  
SOCIETY  
SECTOR**

**GOVERNMENT  
SECTOR**



# THE CHALLENGE

- ◆ **Considerable conceptual ambiguity**
- ◆ **Diverse types of entities**
- ◆ **Diverse legal treatment**
- ◆ **Varied cultural traditions**
- ◆ **Multiple terms and concepts**



# TERMINOLOGICAL CONFUSION

**Nonprofit sector**

**Charitable sector**

**Independent sector**

**Social Economy**

**Third sector**

**Civil Society sector**

**Voluntary sector**

**NGO sector**



# INVISIBLE IN THE SNA

## SECTORS OF THE SNA SYSTEM

TYPE OF INSTITUTIONAL UNIT	SECTORS OF THE SNA SYSTEM				
	Nonfinancial corporations sector S.11	Financial corporations sector S.12	General government sector S.13	Households sector S.14	NPISH sector S.15
Corporations	<b>C<sub>1</sub></b>	<b>C<sub>2</sub></b>			
Government units			<b>G</b>		
Households				<b>H</b>	
Nonprofit institutions (NPIs+NPISH)	<b>N<sub>1</sub></b>	<b>N<sub>2</sub></b>	<b>N<sub>3</sub></b>		<b>N<sub>4</sub></b>



# OUR METAPHOR





# PUTTING CIVIL SOCIETY ON THE ECONOMIC MAP OF THE WORLD

## Why Measure the Third Sector?

- ◆ **A huge economic force**
- ◆ **Crucial to policy/SDGs**



# WHY MEASURE THE THIRD SECTOR?

- “[Post-2015 agenda needs civil society] to serve as a participant, joint steward and powerful engine of change and transformation.’
- But: “...**institutions of civil society** must have the capacity to carry out their critical, independent roles.”
- “...volunteerism can be another powerful and cross-cutting means of implementation.”

~ Report of the Secretary General *The road to dignity by 2030*, UNGA A/69/700, (4 December 2014), paras. 31, 129, 131.





# WHY MEASURE CIVIL SOCIETY/SOCIAL ECONOMY? EU

## EU Council:

- “...**social** economy [is] a key driver of social and economic development in Europe”
- “Eurostat and national statistical authorities should consider developing and implementing **satellite accounts**...aimed at establishing the effective contribution of the **social economy** to economic growth and social cohesion in the European Union.”

~ Council of the European Union, Council Conclusions: *The promotion of the social economy as a key driver of economic and social development in Europe* .(7 December 2015), para. 19.



# A STATISTICAL REVOLUTION: STEP 1

**A research breakthrough: NPIs**





# A STATISTICAL REVOLUTION: STEP 1

## Comparative Nonprofit Sector Project countries





# A STATISTICAL REVOLUTION: STEP 1—CNP PROJECT

## (a) Consensus definition of NPIs

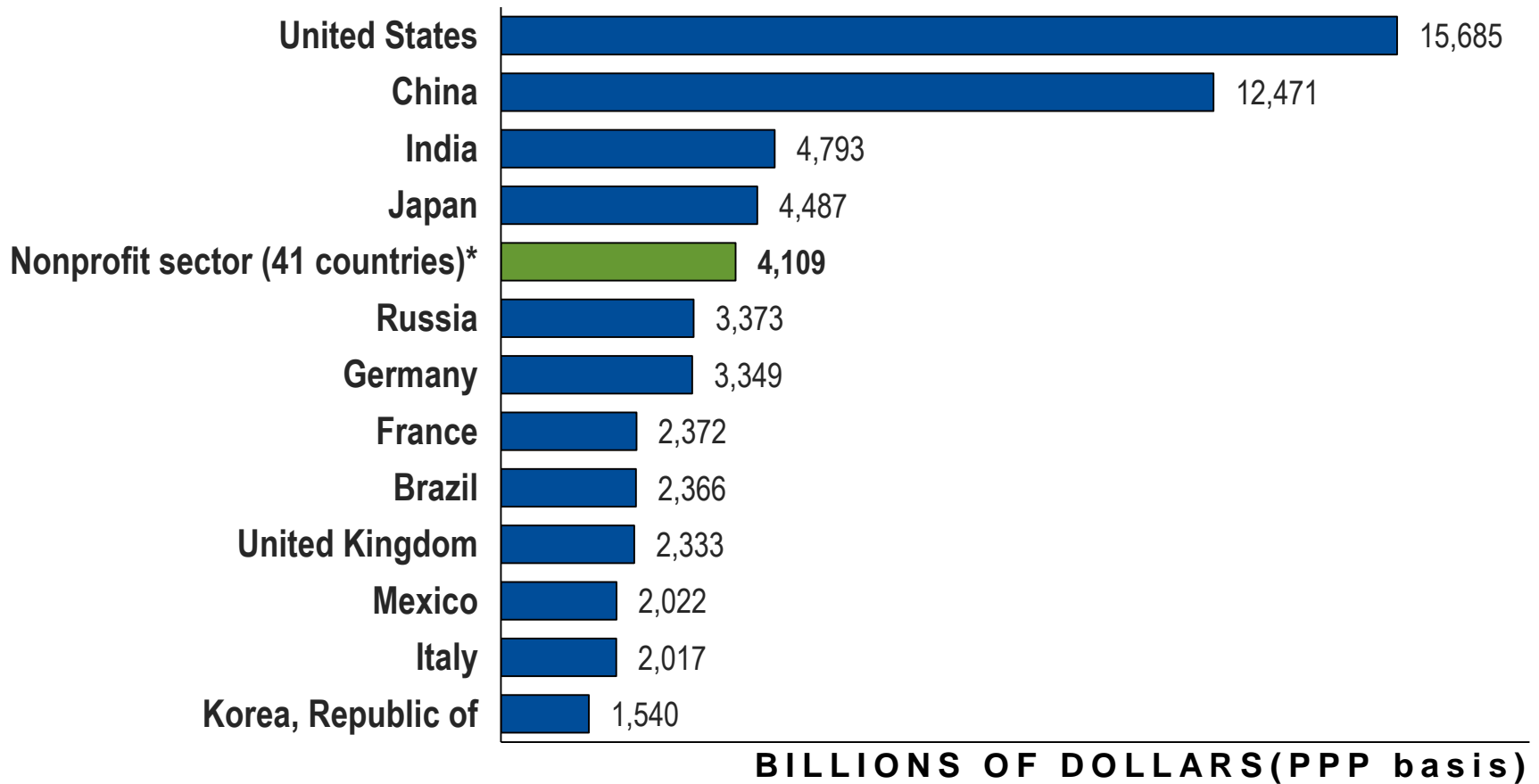
- ◆ **Organizations**
- ◆ **Private—institutionally separate from government**
- ◆ **Non-profit-distributing**
- ◆ **Self-governing**
- ◆ **Noncompulsory**



# A STATISTICAL REVOLUTION: STEP 1—CNP PROJECT

## (b) Documentation of NPI scale: revenue

Nonprofit Sector Revenue (41 countries) vs. 12 Largest Economies, 2012

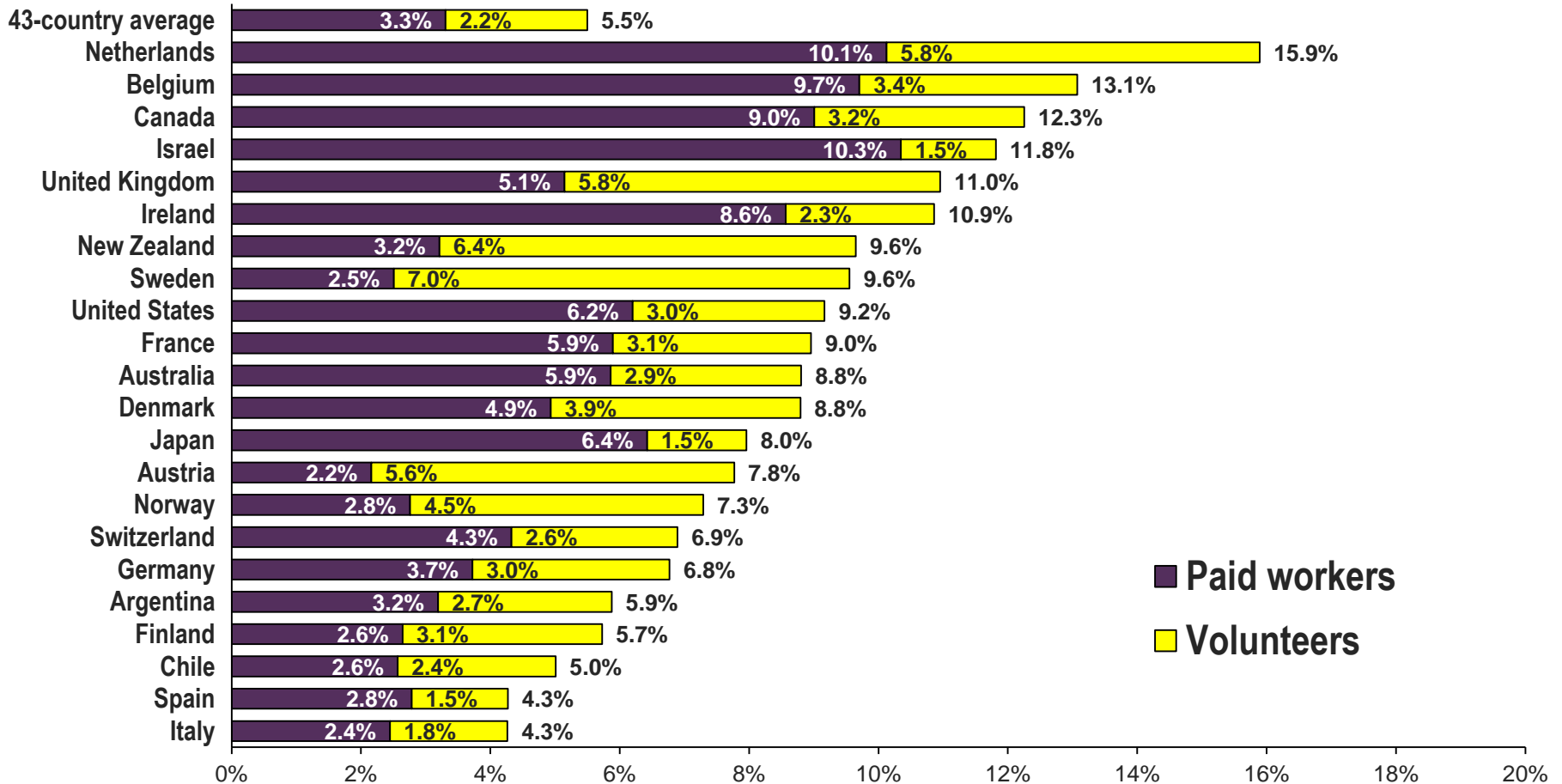




# A STATISTICAL REVOLUTION: STEP 1—CNP PROJECT

## (b) Documentation of NPI scale: workforce

### NPI Workforce as a Share of Economically Active Population, by Country

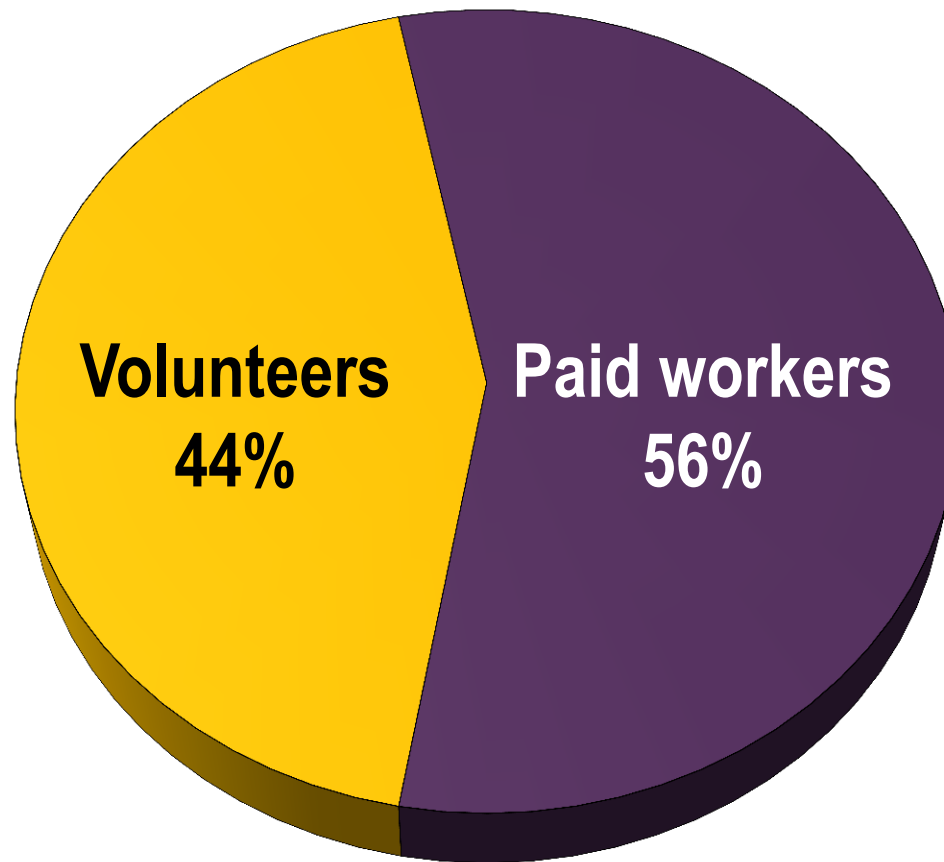




# A STATISTICAL REVOLUTION: STEP 1—CNP PROJECT

## (c) Importance of volunteer work

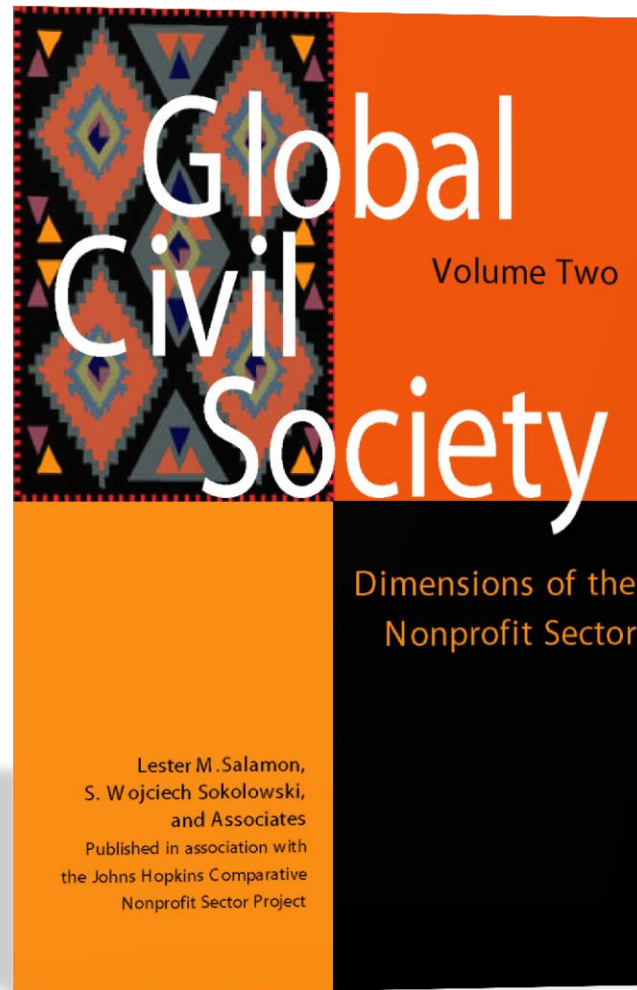
FTE Volunteers as Percent of NPI Workforce, 43-Country Average





# A STATISTICAL REVOLUTION: STEP 1

## *Global Civil Society: Dimensions of the Nonprofit Sector*

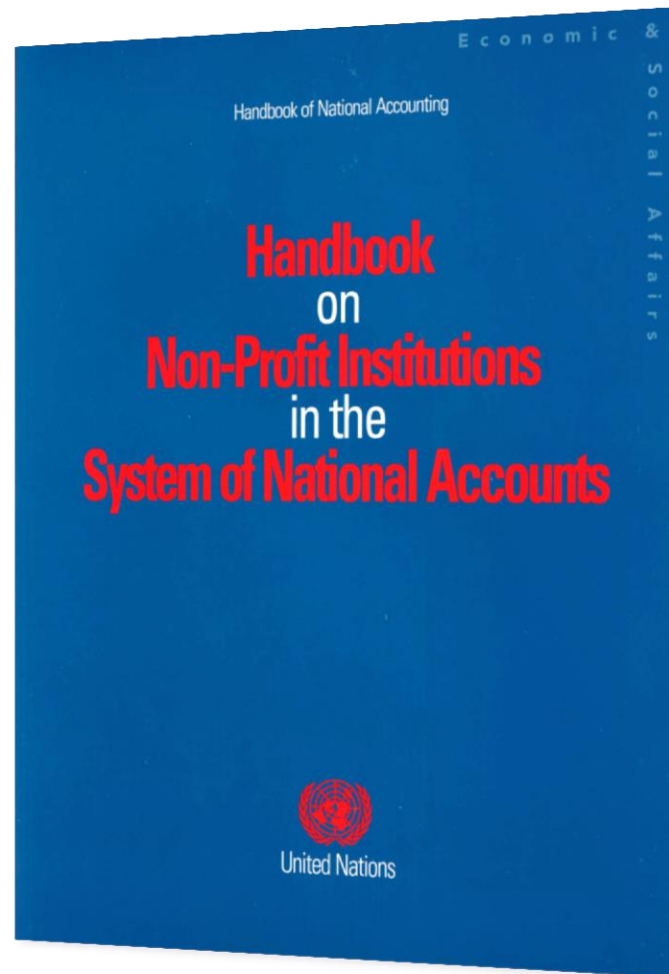






# A STATISTICAL REVOLUTION: STEP 2

## Official recognition





# A STATISTICAL REVOLUTION: STEP 2

## Official recognition

### Step 2: *UN NPI HANDBOOK (2003)*

- ① **Calls for Satellite Account on NPIs**
- ② **Utilizes JHU definition of NPIs**
- ③ **Incorporates value of volunteer work**
- ④ **Incorporates non-market output of mkt NPIs**



# A STATISTICAL REVOLUTION: STEP 3

## Reinforcement of *NPI Handbook*

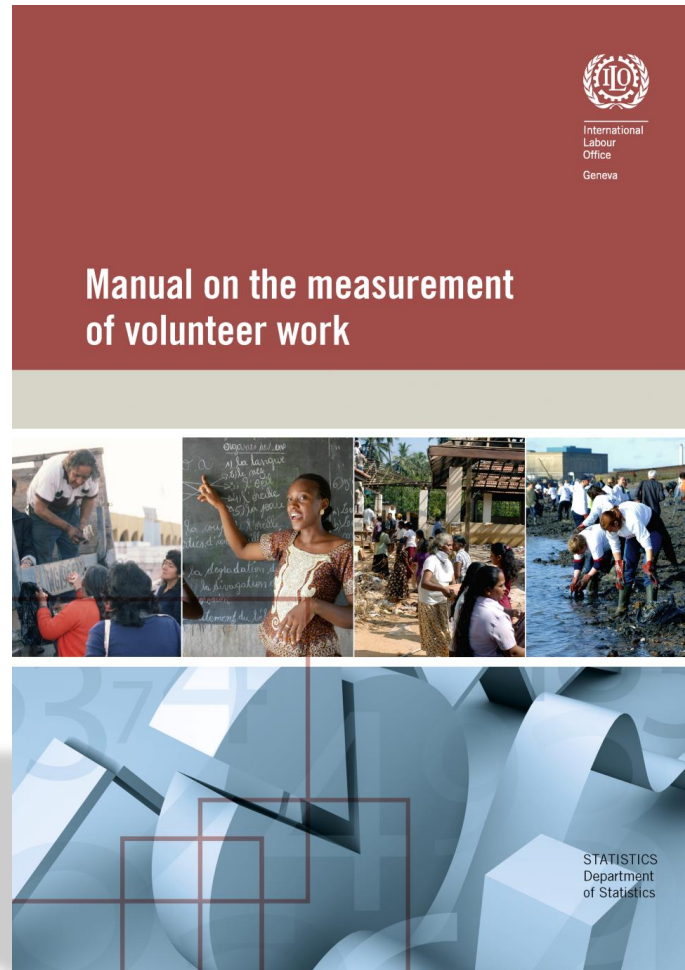
### Step 3: 2008 SNA/ISIC, Rev. 4

- ① Reinforced call for NPI Satellite Accounts
- ② Urged subsectoring of institutional sector accounts into NPI and non-NPI components
- ③ Dedicated chapter on NPIs
- ④ Reinforced need for coverage of volunteer work
- ⑤ Improved classification of NPIs



# A STATISTICAL REVOLUTION: STEP 4

## Official embrace of the volunteer workforce





# A STATISTICAL REVOLUTION: STEP 4

## Official embrace of the volunteer workforce

### Step 4: ILO *Manual on the Measurement of Volunteer Work* (2011)+2013 ILO Resolution

- ① Consensus definition of volunteer work
- ② Use of household surveys
- ③ Core survey module
- ④ Replacement cost valuation
- ⑤ 2013: 19th ICLS confirmation of volunteer work measurement



# A STATISTICAL REVOLUTION: STEP 5

## Tuning up the *NPI Handbook*

### Step 5 (under way):

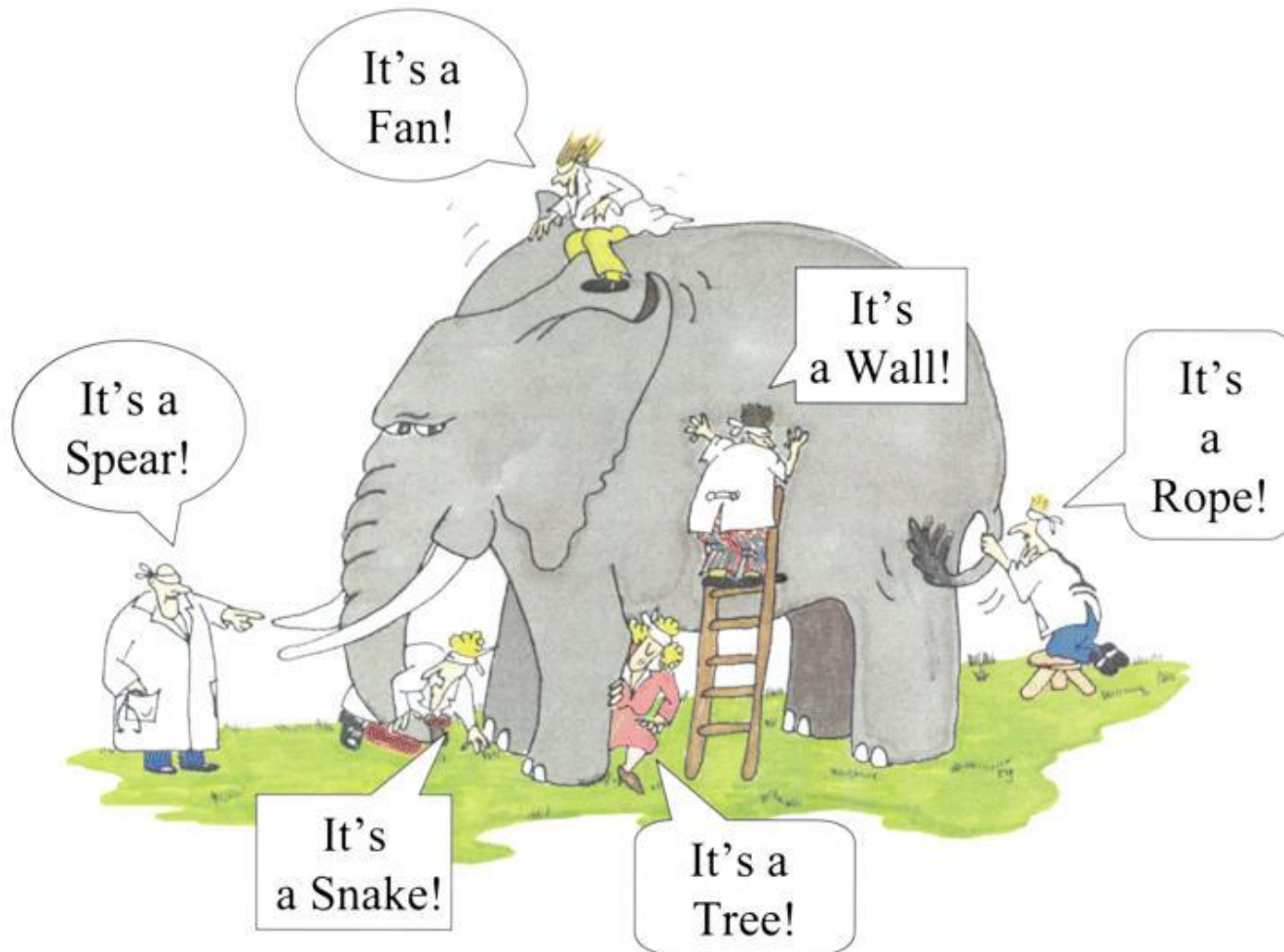
### *UN NPI Handbook Revision (2016)*

- ① Incorporate 2008 SNA subsectoring directions
- ② Incorporate clarified “control by government” test
- ③ Add decision trees
- ④ New “Impact” chapter



# A STATISTICAL REVOLUTION: STEP 5

## Impact: Diverse meanings





# A STATISTICAL REVOLUTION: STEP 5

## Proposed Approach: Start w/ Desired Impact/ Compare providers

1. Identify target goal to advance a particular policy impact (e.g. SDG 4: “Ensure inclusive and equitable education for all...” ) in a given time period.



2. Identify target outcomes to achieve this target goal (e.g. 200,000 children completing primary school with required skill set) and the outputs required to accomplish this.



3. Compute NPI share of output or resources in field (e.g. 21 percent of primary school students in NPI schools).



4. Determine actual outcomes and shares attributable to NPIs and other providers.



5. Compute ratio of share of actual outcomes to share of actual outputs/resources for NPIs and other providers and compare to determine relative effectiveness.





# A STATISTICAL REVOLUTION: STEP 5

## Measuring relative contributions of NPIs & other providers

Annual target toward SDG 4:

200,000 low income children graduating primary school with specified skills

Factor	All schools	NPI schools	Other schools
Outputs (Enrollment)	1,500,000	315,000	1,185,000
Share of outputs	100%	21%	79%
Actual <b>outcomes</b> (Graduates w/skills)	175,000	46,375	128,625
Share of actual <b>outcomes</b> to share of actual outputs = relative success	1.00	1.29	.94



# A STATISTICAL REVOLUTION: STEP 6

## Beyond NPIs

### Step 6: From NPIs to third sector/social economy (TSE) sector

- ◆ NPIs Not Alone
- ◆ Other institutions/behaviors share common attributes:
  - Individual or collective action outside of for-profit businesses, government, or households
  - Creating value for persons other than solely oneself or one's family
  - Pursued voluntarily and without compulsion



# A STATISTICAL REVOLUTION: STEP 6

## Beyond NPIs: The challenge

- ◆ **4 identifiable “clusters” of potential TSE sector manifestations:**
  - **Nonprofit institutions (NPIs)**
  - **Cooperatives, mutuals (“social economy”)**
  - **Social enterprises or social ventures**
  - **Individual activity without pay (“volunteering,” “the public sphere,” or “civil society”)**



# A STATISTICAL REVOLUTION: STEP 6

## “Invisible in plain sight” in official statistics

TYPE OF INSTITUTIONAL UNIT	SECTORS OF THE SYSTEM				
	Non-financial corporations S.11	Financial corporations S.12	Government S.13	Household S.14	NPISH S.15
Corporations	NfC	FC			
Government			G		
Household				H	
NPIs	N <sub>S.11</sub>	N <sub>S.12</sub>	N <sub>S.13</sub>		N <sub>S.15</sub>
Cooperatives/mutuals	CM <sub>S.11</sub>	CM <sub>S.12</sub>			CM <sub>S.15</sub>
Social enterprises	SE <sub>S.11</sub>	SE <sub>S.12</sub>			SE <sub>S.15</sub>



# A STATISTICAL REVOLUTION: STEP 6

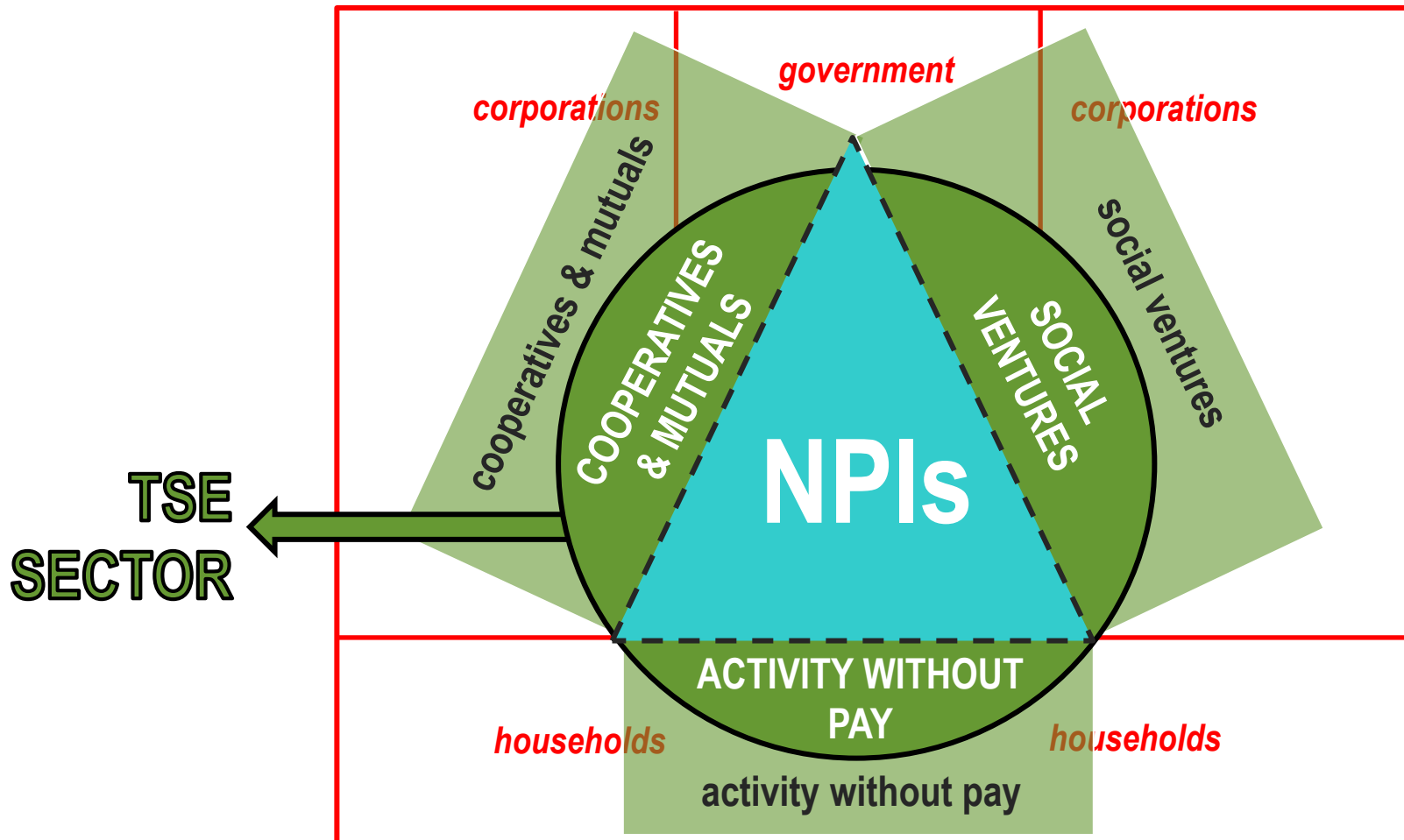
## Beyond NPIs: The challenge

- ◆ **4 identifiable “clusters” of potential TSE sector manifestations:**
  - **Nonprofit institutions (NPIs)**
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- ◆ **Sectoral blurring—Not all entities in these clusters may be in-scope of the TSE sector**



# A STATISTICAL REVOLUTION: STEP 6

## Conceptualizing the TSE sector





# A STATISTICAL REVOLUTION: STEP 6

## Conceptualizing the TSE sector

### Two Sets of Defining Features

- ① For **ORGANIZATIONAL** components of TSE sector
- ② For **HOUSEHOLD SECTOR** components of TSE sector



# A STATISTICAL REVOLUTION: STEP 6

## TSE sector defining features 1

### Organizational Components

- ① **Organizations**, formal or informal
- ② **Private**, i.e., institutionally separate from, and not controlled by, gov't
- ③ **Self-governing**, capable of acting on own authority
- ④ **Voluntary**, i.e., without compulsion
- ⑤ **Significantly limited** from distributing profits





# A STATISTICAL REVOLUTION: STEP 6

## TSE sector defining features 1

### “Limited Profit Distribution” means

- ① Full prohibition on distribution of profit, or
- ② If distribution of profit permitted, must be:
  - Legally binding social mission +
  - 50% limit on profit distribution +
  - Legally binding “capital lock,” + either:
    - Employ or serve certain % of those with “special needs,” OR
    - No profit distribution in relation to capital invested or fees paid



# A STATISTICAL REVOLUTION: STEP 6

## TSE sector defining features 2

### Household Sector Activity

- ① Activity primarily for benefit of **others**, not self
- ② Carried on for a meaningful **period of time**
- ③ **Not-for-Pay** (reimbursement of expenses OK)
- ④ Only for persons **outside one's household + next of kin**
- ⑤ **Noncompulsory**



# A STATISTICAL REVOLUTION: STEP 7

## From design to implementation

Belgium\*

Brazil

*Italy*

Mexico\*

Poland

Portugal

South Africa

Australia\*

Cameroon

Canada\*

*Denmark*

*Germany*

India

Israel\*

Japan

Kyrgyzstan

New Zealand\*

Norway\*

Philippines\*

Sweden\*

Thailand\*

USA\*

France

Mongolia

Morocco

Mozambique

Peru

Hungary

Ireland

Sri Lanka

### KEY

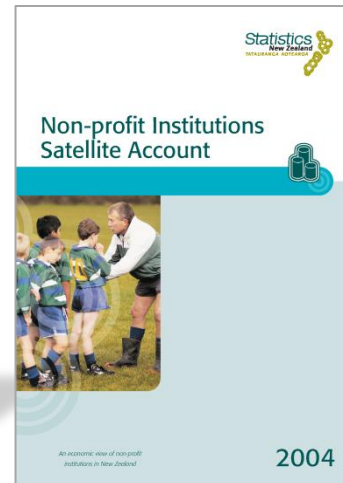
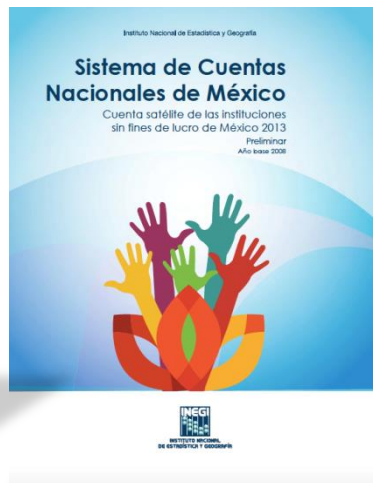
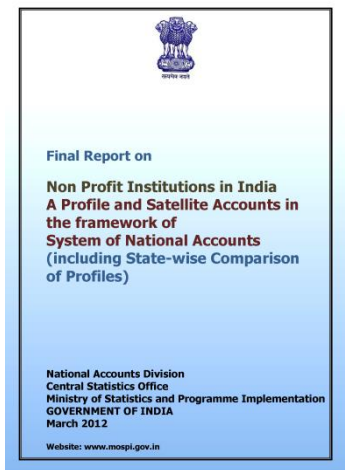
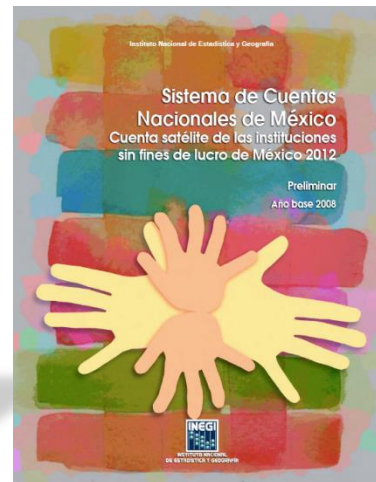
- *NPI Handbook and ILO Manual (7)*
- *NPI Handbook + some volunteer measurement (15)*
- *NPI Handbook only (5)*
- *ILO Manual only (3)*

\* multiple NPI satellite accounts  
*Italics = work in progress*



# A STATISTICAL REVOLUTION: STEP 7

## NPI Satellite Accounts





## CONCLUSION

A “win-win” partnership for stats agencies, third sector actors, and gov’ts

- ◆ **Civil society is crucial for SDGs and development generally.**
- ◆ **Modern welfare states are really “welfare partnerships,” relying heavily on third-sector groups.**
- ◆ **But half of this partnership is invisible.**



# CONCLUSION

**Plentiful data on TSE sector in SNA statistics, BUT:**

- ◆ **Major in-scope entities buried in other sectors**
- ◆ **Some units are missing**
- ◆ **Volunteering out of bounds or valued at cost**
- ◆ **Blurring among in-scope entities**



## CONCLUSION

A “win-win” partnership for stats agencies, third sector actors, and gov’ts

- ◆ **To make SDGs and these partnerships work better, better data on civil society are needed.**
- ◆ **We have built the statistical machinery to secure such data.**
- ◆ **We need Statistical Agency help to get this machinery implemented.**



**THANKS!!!**

**LESTER M. SALAMON**

[lsalamon@jhu.edu](mailto:lsalamon@jhu.edu)



**JOHNS HOPKINS**  
UNIVERSITY

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CENTER *for* CIVIL SOCIETY STUDIES

**Website:** [ccss.jhu.edu](http://ccss.jhu.edu)

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